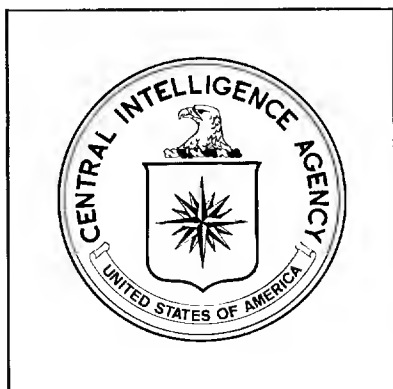


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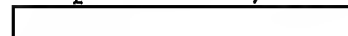
Soviet Union Eastern Europe

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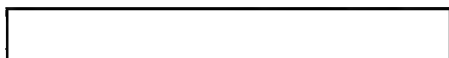
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SOVIET UNION - EASTERN EUROPE

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C O N T E N T S

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Moscow Increases Its Role in Laos

Moscow is moving to implement the aid agreement it signed last December with the Pathet Lao.

[REDACTED]
[REDACTED] the Soviets recently sent 200 to 300 additional personnel to his country. Soviets stationed in Vientiane are reluctant to answer questions on the size of their mission but admit that about 300 are there. This figure is probably understated, but it represents a substantial increase from the 75 to 100 that were in Laos six months ago.

The Soviets are providing technical assistance in improving and operating several airfields in areas long held by the Pathet Lao. They are also flying and maintaining aircraft used to ferry personnel and supplies between provincial towns and Vientiane.

Late last month, a seven-man Soviet economic team and several construction experts arrived in Laos to begin projects agreed to in the December assistance pact.

[REDACTED]
[REDACTED]
Moscow's provision of aid is intended to bolster its position in Laos against that of Peking. During the war, Soviet aid was primarily military and was channeled to the Pathet Lao via North Vietnam. Moscow has had few direct dealings with the Lao Communists in the last 13 years.

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Romanian-US Trade: First Half Results

Trade between Romania and the US during the first half of this year dropped nearly 40 percent to \$158 million compared with the same period last year. The volume of trade dropped even more, as prices of many commodities increased sharply. Romania incurred a record first-half deficit with the US of \$86 million, \$17 million more than a year ago.

Lower Romanian exports--down \$55 million--contributed most to the decline in total trade and were largely a result of reduced sales of petroleum products. US exports to Romania dropped by \$37 million. The suspension of Export-Import Bank credits by the 1974 Trade Act made Bucharest's purchases of US goods more difficult. Purchases of some raw materials, however, fell because of weakened demand. Imports of cotton, in particular, decreased because of Romania's difficulties in marketing its textiles worldwide.

The commodity composition of trade showed little change. Romania imported agricultural products--particularly corn, cotton, and soybeans--other raw materials, and machinery. Petroleum products accounted for about a third of Bucharest's exports to the US; sales of tractors, canned hams, and sunflower seed also were important.

Now that Bucharest has most-favored-nation status, trade between the two countries is likely to accelerate during the second half of the year. Romanian imports of US goods, however, probably will grow much faster than their exports, about three-quarters of which previously were subject to little or no tariff discrimination. The likely increase in Romania's trade deficit with the US will add to its growing indebtedness with the West and could complicate its search for credits to finance its growing imports.

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ANNEX

SOVIET ACTIVITY IN THE MIDDLE EAST (August 1975)

Overview

Soviet activity in the Middle East was at a low level in August. Prior to Secretary Kissinger's new round of disengagement talks, which began on August 21, Soviet leaders said little about the trip. Candidate Politburo member Ponomarev told visiting US congressmen on August 11 that the situation in the Middle East remained "explosive" and the resumption of the Geneva conference "with due preparation" was "even more urgent." Brezhnev, however, did not echo these themes when he met the congressmen in Yalta on August 14. He merely reiterated Soviet willingness to join in guarantees of Israeli security. This contrasted with Brezhnev's sharp anti-US remarks on the eve of Secretary Kissinger's Middle East mission last February.

The Soviet press largely ignored the trip once it got underway, but as the likelihood of a Sinai agreement increased, Soviet propaganda broadcasts to the Arabs concentrated on playing down its significance [REDACTED]

By the end of the month, Moscow was making its unhappiness more authoritative and explicit. A *Pravda* commentary on August 30 described the stationing of US technicians as a new complicating element in the Middle East, and the Soviets not only refused to participate in the signing ceremonies in Geneva but made clear in New York that they strongly objected to United Nations participation.

EGYPT

Soviet relations with Cairo continued to deteriorate. The Egyptian debt mission to the USSR

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returned home on August 2 empty handed after failing to wring significant concessions from the Soviets

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The Soviets also sought to stir up discontent among the Arabs over Cairo's support for the US-sponsored disengagement agreement. Moscow Radio on August 26, for example, asked the Arabs to examine the price Egypt was willing to pay to get its territory back. Moscow has not publicly commented on Sadat's August 9 remark to visiting US congressmen that "a moment might come when I will ask you to sell me arms," although the Soviets must be rankled by such talk. The Soviets will also not take kindly to Sadat's public comments in early September that he did not confer with Moscow regarding the Sinai agreement.

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FEDAYEEN

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[REDACTED]

In an unusually explicit condemnation of terrorism, a Moscow broadcast in Arabic on August 16 endorsed the statement by a PLO leader that his organization was ready to sign an international agreement to combat terrorism. The broadcast applauded "decisive measures" by the PLO command to combat terrorism, saying terrorism greatly harms the revolutionary struggle.

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IRAQ

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There were tenuous signs during the month that Moscow and Baghdad might be trying to patch up their strained relations.

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One point of friction is Iraq's Persian Gulf policy. The Soviets have apparently been encouraging Iraqi resistance to any Persian Gulf collective security scheme that might undercut Soviet access to the Gulf. A Moscow broadcast on August 8, for example, noted that Iraq and other Arabs had "quite a few reservations" about guaranteeing Persian Gulf security through the formation of "closed military blocs." It noted fears that Saudi Arabia and Iran, backed up by oil-financed US arms, would dominate such a grouping.

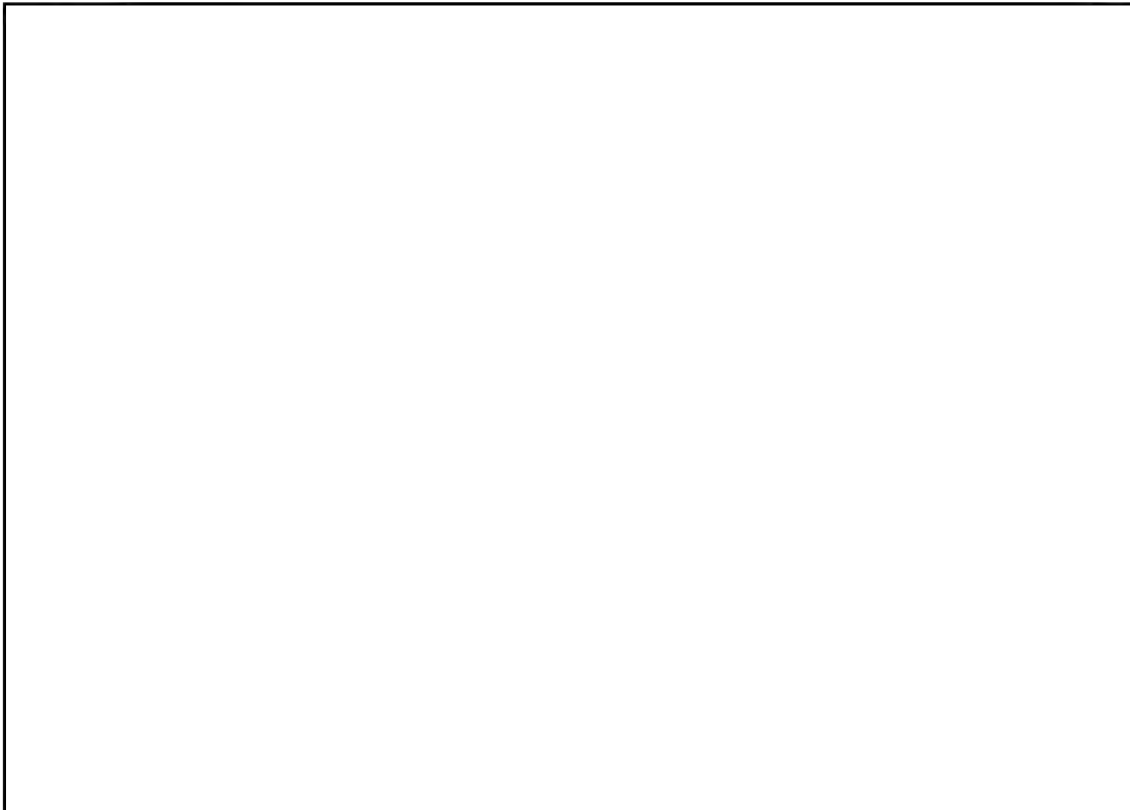
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KUWAIT

No hard information is available on the results of a Kuwaiti arms mission that was slated to arrive in Moscow on August 5. [REDACTED] A Kuwaiti defense official later denied press reports that Moscow had again turned Kuwait down, but it appears that the trip was unsuccessful.

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TUNISIA

A Soviet naval squadron received an unusually friendly welcome during an August 21-26 visit. Tunisian-Soviet relations have appeared to be on a modest upswing since Premier Kosygin's visit last

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May. President Bourguiba is planning to visit the USSR this fall if his health holds up.

SOUTH YEMEN

The snippets of information that come out of South Yemen on relations with the Soviets suggest that ties are somewhat cooler. A new Soviet ambassador was named on August 1 to succeed A. Semioskin.

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YEMEN

Moscow is having an even tougher time next door in Yemen, where a grant of substantial Saudi military aid seems likely to further erode the Soviet position. It has already produced some public Yemeni threats to kick out Moscow's 115-man military mission

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Meanwhile, Moscow hosted the Yemeni deputy chief of staff in early August, but little seems to have come of the visit.

About all the 115 Soviets have left to do in Yemen is to speculate on possible political changes

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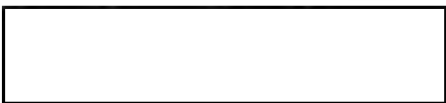
that could lead to increased leftist influence. One Soviet official last month spoke of a vague "National Front" emerging that could check the movement toward closer Saudi-Yemeni ties.

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